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FOR IMMEDIATE RELEASE:

**CLOSING AGENT SENTENCED TO 60 MONTHS
IMPRISONMENT FOR CLOSING OVER 100 FRAUDULENT
LOANS IN MORTGAGE FRAUD CONSPIRACY**

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that DEB BARNES (formerly Deb H.B. Bryson) of Lebanon, Indiana, was sentenced to 60 months imprisonment today by U.S. District Judge Larry J. McKinney following her conviction by a federal jury in February, 2003 on 14 counts, including conspiracy (1 count), mail fraud (3 counts) and money laundering (10 counts). BARNES, a loan closer, was one of seven persons indicted in this \$8 million mortgage fraud conspiracy case. Of the seven persons indicted, 5 pleaded guilty and 2 defendants, BARNES and Melvin Girton, a real estate appraiser, were convicted by a district court jury. Girton will be sentenced on June 13, 2003.

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The lead defendant, Paul Dailey, was sentenced to a prison term of 105 months on April 24, 2003. Dailey operated Platinum Mortgage in Indianapolis from 1998 until May 2001. The company brokered more than 100 fraudulent residential mortgages on properties principally in Center Township in Indianapolis. Dailey and other members of the conspiracy recruited several real estate appraisers and closing agents to join the scheme. The properties were appraised for two or three times their true value. Straw purchasers then obtained loans on the property in reliance on the inflated appraisals. The extra cash which was generated by selling the properties at the inflated values and paying off existing mortgages was shared by the members of the conspiracy. In most instances, the purchasers defaulted on the loans, leaving the properties abandoned and boarded up.

DEB BARNES was one of the three closing agents used by the conspiracy to close the fraudulent loans. BARNES prepared and certified as true two different settlement statements for the same transaction. One reflected the true sales price and was given to the seller. The second one reflected the false, inflated price. BARNES sent the second settlement statement to the lender to conceal the fraudulent scheme. She then disbursed the loan proceeds to persons not involved in the sale and did not report the true disbursement of funds to the lender as she was required to do. BARNES wrote checks (52 in all) from the loan closing proceeds to three of her friends who cashed the checks and shared the proceeds with BARNES and her husband.

These checks were the transaction charged in the money laundering counts.

The sentence reflected Judge McKinney's finding that BARNES obstructed justice

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during the investigation when she and her husband attempted to persuade a witness to lie to federal agents about chasing checks and to destroy a ledger he had prepared relating to cashing the checks. In sentencing BARNES, Judge McKinney said that this was "...a horrible thing in this community. An awful lot of homes fell into the hands of people who were not going to live there, did not care about them, and did not care about the community."

According to Assistant United States Attorney Donna R. Eide, who prosecuted the case for the government, Judge McKinney also imposed 3 years of supervised release upon BARNES, following the completion of her prison sentence.

This case was the result of a two-year investigation by FBI and IRS agents, working in the federal mortgage fraud task force led by the United States Attorney's Office. The task force was formally established in June, 2002 to address the growing problem of mortgage fraud. Since 2002, the United States Attorney's Office has charged 19 individual defendants with federal crimes including wire fraud, mail fraud, bank fraud, conspiracy and money laundering. The defendants have included mortgage brokers, closing agents, real estate appraisers and straw purchasers. Sentences have ranged from probation to 105 months in federal prison. A quarter of a million dollars in assets have been seized for forfeiture from these defendants.

The task force now includes agents from the FBI, the IRS, the United States Secret Service, the Postal Inspection Service, and the Office of the Inspector General of the

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Department of Housing and Urban Development. Task force members continue to work a number of ongoing investigations. Task force members also speak to community and professional groups to educate and warn about the problem of mortgage fraud.

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